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Late Announcement

The Department completed its analysis of 2001 Class 1 farm prices in California, as required by Food and Agricultural Code Section 62062.1. While the average California price was below average prices in Central Arizona and Western Oregon, it was above average prices in North-western and Southern Nevada. The Department has determined that prices in California are in reasonable relationship to those in contiguous states, therefore, a public hearing to consider amendments to Class 1 pricing formulas is not necessary.

CMAB and CMMAB Marketing Order Amendments

Upon receiving recommendations from the California Milk Advisory Board (CMAB) and the California Manufacturing Milk Advisory Board (CMMAB), the Department has approved minor amendments for the respective marketing orders of each of these two programs. Following is a quick summary of the amendments.

Amendments to the CMAB Marketing Order

- One amendment eliminated the county designations that existed for several of the CMAB board positions. Previously, two board positions in District 6 and three board positions in District 9 were reserved solely for producers from a specified county. That limitation was lifted and now producers in Districts 6 and 9 are eligible to serve in any of their district's board positions.
- Another amendment clarified how interim board vacancies are to be filled. Previously, the marketing order stated that board vacancies were to be filled from the list of eligible nominees established at the preceding annual district nomination meeting. This provision was modified to say that board vacancies shall not be officially filled until nominations can be received at the next district nomination meeting.

Amendments to the CMMAB Marketing Order

- One amendment merged Districts 4 and 5, thus creating one large district that covers the entire southern half of the state. This amendment was made because there are only 10 manufacturing grade producers remaining in District 4 and because no District 4 producer has expressed an interest in serving on the CMMAB for over two years.
- Another amendment increased District 1 representation (the north coast) on the CMMAB board from two positions to three. This was accomplished by shifting the former District 4

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December Milk Production

Milk production in California for December 2001 totaled 2.8 billion pounds, up 4.1 percent from December 2000. USDA's estimate for U.S. milk production for December 2001 in the 20 major dairy states is 12.0 billion pounds, up 1.0 percent from December 2000. Production per cow in the 20 major states averaged 1,547 pounds for December, which is 28 pounds above December 2000. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	Dec. 2001	Jan. 2002	February
1	\$13.74	\$13.64	\$13.82
2	\$12.93	\$12.93	\$12.26
3	\$12.76	\$12.76	\$12.10
4a	\$11.45	\$11.46	—
4b	\$10.97	\$11.42	—

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	Jan. 2002	February
Phoenix, Arizona	\$14.31	\$14.30
Southern California	\$13.78	\$13.96
Portland, Oregon	\$13.86	\$13.85
Northern California	\$13.51	\$13.69

California Alfalfa: January

Northern California: Early January brought rainy/snowy weather which limited the sales and movement of hay. Retail and Stable hay were fully steady with good demand throughout the month. Demand was light to moderate on Fair and Good alfalfa, some with faults or tarp-covered in barns. The weather continued to be colder than normal.

Southern California: January showed upper desert movement mostly with hay out of barns and southern desert producers were starting on a new hay crop. Premium and Good alfalfa prices were steady with light demand, mostly from northern and San Joaquin valley areas. The demand was light on light to moderate offerings of mostly covered or shed-stored hay. Retail and Stable hay trading remained steady with some weakness noted on forage mixes. Export sales were basically on hold. ☀

Shown below are alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA.

Alfalfa Hay Sales and Delivery December 2001/January 2002

	December 2001	January 2002
Tons Sold ¹	72,425	80-565
Tons Delivered ²	18,235	25,600

¹ For current or future delivery.

² Contracted or current sales.

California Supreme Hay Prices

Statewide average hundredweight prices

January 2002 Prices

Area	1/4	1/11	1/18	1/25
Petaluma	—	—	\$175-190	\$180-190
North Valley ¹	\$145-150	\$180-185	\$175-176	\$175-180
South Valley ²	\$175-190	\$180-190	\$168-185	\$170-185
Chino Valley	—	—	—	—

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

For current pricing information and reports on the FOB market, you may subscribe to the California Alfalfa Hay Weekly Summary by calling (509) 765-3611. Weekly reports are available on the Internet at:

<http://www.ams.usda.gov/marketnews.htm>



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Valerie Brown, Deputy Secretary
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The California Department of Food and Agriculture, Dairy Marketing Branch publishes the California Dairy Review monthly. To subscribe, call (916) 654-1456. Please direct any comments or suggestions for future newsletters to Karen Dapper at (916) 654-1456 or send an e-mail to dairy@cdfa.ca.gov

Amendments - Continued from page 1

position to District 1. The CMMAB recommended this change because District 1's share of California's manufacturing grade milk production has increased in recent years. This amendment taken in combination with the one above created a revised 9-member CMMAB board structure consisting of three districts, each with three board representatives.

As you may be aware, the CMAB and the CMMAB conduct promotion and research activities on behalf of the California milk industry. These activities are funded by mandatory assessments upon all producers of milk in the state. Please call Dennis Manderfield of the CDFA Marketing Branch at (916) 654-1245 if you would like copies of the documents that officially implemented these amendments of if you have any questions concerning them. ☀

USDA Hay Stocks Report December 2001, A Surprise to Some

by Seth Hoyt, Senior Agricultural Economist,
California Agricultural Statistics Service

Let me first correct something I stated in last month's Dairy Review. After discussions with industry contacts it was evident that "unsold supplies of high test" alfalfa hay in CA would be very tight going into 2002. However, I inadvertently stated in the Dairy Review that "alfalfa hay carryover" will still be very tight going into 2002.

The official NASS estimate of hay stocks in California on December 1, 2001, was higher than some in the industry were expecting, including myself. It appears that due to mild fall weather, alfalfa hay production in the fourth quarter was above normal. Additionally, the amount of other hay produced in California in 2001 was higher than some expected. Many hay growers in the central and northern valley put up an extra cutting of alfalfa hay for the season. According to industry sources, much of the current unsold alfalfa hay inventory is horse or dry cow quality. Some extra supplies of sudan hay in the Sacramento Valley are being traded for dry cow feed.

Now, before you think there is a glut of hay on the market, consider that hay stocks in CA on December 1, 2001, are estimated to be about the same as December 1, 2000. A year ago, stocks went from 1.954 million tons on December 1, 2000, to 180,000 tons on May 1, 2001. Hay consumption in that five month period was incredible. If we have similar or increased usage this winter and spring, hay acreage and production will probably have more of an impact on the 2002 California hay market than carryover stocks. One area of uncertainty is the amount of alfalfa hay shipped into California from other western states. In November 2001, while alfalfa hay in-shipments were down 5 percent from the previous month, they were up substantially from November of 2000, according to CDFA Border Station reports. ☀

Getting to Know Us . . .

This month, the "Getting to Know Us" column is not introducing a Branch employee, but instead celebrating the dedication and work of Lee Jensen, Chief, Milk and Dairy Foods Control Branch, who retired from the Department this month.

Lee Jensen
Chief, Milk and
Dairy Foods
Control Branch



Lee was raised in the agricultural environment of Sonoma County. From his earliest days he worked in the fields and processing plants and learned the world of agribusiness.

As a high school honor student, Lee was accepted to the University of California at Davis and in 1961 and received his Bachelor's degree in Dairy Industry Science. For the next 13 years, Lee focused his career on dairy food processing and achieved the position of quality control supervisor with a major California firm.

Lee joined the Department of Food and Agriculture, Milk & Dairy Foods Control Branch, in 1973 as a Dairy Foods Specialist. His industry experience and background was most beneficial as he worked with Sonoma, Marin, and San Francisco Counties. He advanced to the position of Regional Administrator in 1984, was appointed Dairy Program Coordinator in 1987, and in 1999, was appointed Branch Chief.

Over the years, Lee's involvement with many prestigious state and nationally recognized programs clearly reflected his dedication and leadership in helping to advance California's dairy industry to its current status. Lee will remain close to his agricultural roots by working cattle on his Sonoma County ranch and spending his time outdoors. We wish Lee the best of luck and happiness in his retirement! ☀

Tulare Farm Show

The annual Tulare Farm Show is scheduled to run February 12-14, 2002, at the World Ag Expo, just off Highway 99 in Tulare. The Farm Show has been an integral part of the farming industry for many years, offering a wide variety of exhibits, information, equipment, and computer technologies to those interested in learning more about the latest advances in the industry. ☀

Hundredweight Pool Prices

Month	Quota	Overbase
July '00	\$13.00	\$11.30
August	\$13.02	\$11.32
September	\$13.31	\$11.61
October	\$12.29	\$10.59
November	\$12.69	\$10.99
December	\$12.98	\$11.28
January '01	\$12.73	\$11.03
February	\$13.04	\$11.34
March	\$13.88	\$12.18
April	\$14.65	\$12.95
May	\$15.70	\$14.00
June	\$16.46	\$14.76
July	\$16.35	\$14.65
August	\$16.70	\$15.00
September	\$16.95	\$15.25
October	\$14.71	\$13.01
November	\$13.67	\$11.97
December	\$12.93	\$11.23

2001 Milk Mailbox Prices in Dollars per Hundredweight

	April	May	June	July	August	September	October
California ¹	\$13.71	\$14.54	\$15.23	\$15.13	\$15.54	\$15.95	\$14.06
USDA ²	\$14.29	\$15.29	\$15.95	\$15.92	\$16.34	-----	-----

¹ California mailbox price calculated by CDFA.

² All federal milk market order weighted average, as calculated by USDA.

Milk Mailbox Prices for August 2001

